

LOUISIANA INSURANCE RATING COMMISSION
POST OFFICE BOX 94157, CAPITOL STATION
BATON ROUGE, LOUISIANA 70804-9157

MINUTES

MINUTES OF THE REGULARLY SCHEDULED MEETING OF THE LOUISIANA INSURANCE RATING COMMISSION BEGINNING AT 10 AM ON [WEDNESDAY FEBRUARY 15, 2006](#) IN THE HEARING ROOM, POYDRAS BUILDING, 1702 NORTH THIRD STREET, BATON ROUGE, LOUISIANA.

THE FOLLOWING MEMBERS WERE PRESENT FOR THE MEETING AT 10 AM ON [WEDNESDAY, FEBRUARY 15, 2006](#):

Dr. Christine Berry, Barry Busada, Jabari Ragas, Steven Ruiz, Joe Godchaux, Jr.,

Deputy Commissioner, Chad Brown represented the Commissioner, Robert Wooley.

Also present were Linda Gonzales and Staff Members of the Office of Insurance Rating; Richard Piazza, Actuary for the Louisiana Insurance Rating Commission; and other department staff members and representatives of certain groups.

Reading of the Minutes of the previous Meeting were dispensed with and accepted upon the motion of Mr. Busada, which received no objection.

[1 - February 15, 2006 - 22688](#)

DISCUSSION

34 - TITLE

DISCUSSION OF COMPANIES APPROVED TO ADOPT LOSS COSTS OF LOUISIANA TITLE STATISTICAL SERVICES ORGANIZATION

FINAL ACTION: Deferred.

ADDITIONAL MINUTES: Warren Byrd spoke. Tom Clark with Adams and Reese spoke. Dr. Berry motioned to defer. The Department of Insurance and the company request deferral to March to further research loss cost title filings and provide updated status.

[2 - February 15, 2006 - 22630](#)

SAFECO INSURANCE COMPANY OF AMERICA

17 - OTHER LIABILITY

**REVISED RATE AND RULE
PERSONAL UMBRELLA LIABILITY
(+25.7%)**

COMPANY REFERENCE: PL-200603-LA-UMB-R

REQUESTED EFFECTIVE DATES - NEW: 3/30/2006

RENEWAL: 5/9/2006

The last adjustment to this program occurred in December, 2001 (Item # 75), which resulted in an overall rate change of 0.0% to be effective 2/14/02 for new business and 3/26/02 for renewal business.

With this filing, the referenced company is filing a proposed increase in the base premium charge (covering one auto and one home) and additional vehicle charges. These rate changes will affect Automobile, Residences, Watercraft, Recreational Vehicles, Property Owned and Rented to Others and In-Home Business coverages. Larger increases are being applied to all underage driver rates and to all lower auto attachment point rates. The current and proposed rates are various and are included in the filing.

The company states they have ceased writing umbrella limits in excess of \$5M nationwide. This affects three Louisiana umbrella customers and some 300 customers across other states. The company will contact these customers through their agent and offer them coverage at their new maximum limit of \$5,000,000.

These changes will result in an overall rate increase of +25.7% or +\$59,448 (1,128 policyholders. The following is a summary of the current and proposed rates:

Territory	Current Rate	Proposed Rate	% of Change
1	\$90	\$110	+22.2%
2	\$115	\$140	+21.7%
Total			+25.7%

Listed below is the Louisiana and countrywide experience:

LOUISIANA

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2000	\$ 127,804	\$ 458,336	358.6%
2001	134,970	64	0.0%
2002	143,440	44,693	31.2%
2003	168,123	331,501	197.2%
2004	219,772	14,681	6.7%
All Years	\$ 794,109	\$ 849,275	106.9%

COUNTRYWIDE

Year	Actual Earned Premium	Developed Loss	Loss Ratio
2000	\$ 25,769,910	\$ 28,014,924	47.7%
2001	28,014,924	9,963,862	35.6%
2002	29,040,726	22,269,443	76.7%
2003	30,263,559	7,562,173	25.0%

2004		31,490,617		25,437,954	80.8%
All Years	\$	144,579,736	\$	77,532,286	53.6%

Listed below is a summary of Louisiana direct experience:

Calendar Year	Earned Premium \$	Total Loss & LAE Incurred \$	Total Loss & LAE Incurred Ratio %	Total Underwriting Expense Incurred Ratio %
2004	\$219,772	\$153,052	69.6%	24%
2003	168,124	1,645	1.0	24
2002	143,440	15,051	10.5	28
2001	134,970	90,780	67.3	29
2000	127,805	474,336	371.1	29
1999	115,578	-492	-0.4	27
1998	109,470	3,671	3.4	29
1997	103,994	7,206	6.9	28
1996	96,082	-436,088	-453.9	27
1995	N/A	N/A	N/A	N/A
All Years	\$1,219,235	\$309,161	25.4%	27%

Calendar Year	Other Income Less Other Expenses Ratio %	Underwriting Gain or Loss %	Investment Gain on Funds Ratio %	Overall Gain or Loss %
2004	0.0%	3.7%	22.6%	26.2%
2003	0.0	70.8	24.7	95.5
2002	0.0	60.8	36.0	96.8
2001	0.0	3.0	25.5	28.5
2000	0.0	-300.3	28.4	-271.8
1999	0.0	71.5	28.9	100.4
1998	0.0	67.2	34.9	102.2
1997	0.0	64.6	34.2	98.9
1996	0.0	525.0	33.9	559.0
1995	N/A	N/A	N/A	N/A
All Years	0.0%	46.1%	29.0%	75.1%

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ragas approved.

FINAL EFFECTIVE DATES - NEW: 3/30/2006

RENEWAL: 5/9/2006

3 - February 15, 2006 - 22785

TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA

TRAVCO INSURANCE COMPANY

TRAVELERS INDEMNITY COMPANY, THE

19 - PRIVATE PASSENGER AUTOMOBILE

INITIAL RULE ONLY

INTRODUCTION OF HYBRID VEHICLE DISCOUNT

COMPANY REFERENCE: 2005-11-0059

REQUESTED EFFECTIVE DATES - NEW: 2/19/2006 RENEWAL: 2/19/2006

The referenced company is submitting this filing for the purpose of introducing a new program feature.

A discount or credit is being proposed for Hybrid Electric Vehicles under the Private Passenger Auto insurance program. The hybrid vehicle discount classification applies to the following:

- A. Coverage- each qualified hybrid vehicle insured under the policy is eligible for a discount on bodily injury, property damage, single limit liability, medical payments, comprehensive and collision.
- B. Vehicles- hybrid vehicles, or hybrid electric vehicles (HEV), means any private passenger auto powered by a combination of gasoline and electricity to produce a higher-miles-per-gallon and lower-emission drive. These vehicles are operated on a combination of a gasoline internal combustion engine, an electric motor and a battery that powers the electric motor and stores energy for future use.

For purposes of this section HEV's do not include electric vehicles (including Neighborhood Electric Vehicles), other alternative-fuel vehicles (including compressed natural gas, propane, hydrogen, and alcohol-based substances), or diesel powered vehicles.

A discount of **-0.10** is the rate for this coverage.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Dr. Berry approved.

FINAL EFFECTIVE DATES - NEW: 2/19/2006 RENEWAL: 2/19/2006

4 - February 15, 2006 - 22844

INSURANCE SERVICES OFFICE, INC.

19 - PRIVATE PASSENGER AUTOMOBILE

INITIAL RULE ONLY

INTRODUCTION OF NAMED DRIVER EXCLUSION RULE 14.M.1

COMPANY REFERENCE: PP 2005-ONDE2- Louisiana

REQUESTED EFFECTIVE DATES - NEW: 9/1/2006 RENEWAL: 9/1/2006

The rating organization is submitting this filing to introduce Rule 14.M. Named Driver Exclusion to be used in the Personal Vehicle Manual.

This filing is made in order to reflect the provisions of Louisiana Revised Statute 32:900 which in part states that an insurer and an insured may by written agreement exclude from coverage the named insured and the spouse of the named insured and any other named person who is a resident of the same household as the named insured at the time the written agreement is entered into.

Rule 14.M.1 is being introduced under Miscellaneous Coverages, Section M. Named Driver Exclusion in the Personal Vehicle Manual. The rule is as follows:

An insurer may, by written agreement between an applicant/insured and the insurer, exclude all coverage(s) under a policy of motor vehicle liability insurance when a motor vehicle is operated by the named insured, the named insured's spouse or an individual who is a resident of the same household as the named insured and who is specifically excluded. An endorsement form Rule 14.M.3 is to be attached to the policy for this excluded coverage.

The requested rule requires approval of companion forms.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ragas approved.

FINAL EFFECTIVE DATES - NEW: 9/1/2006

RENEWAL: 9/1/2006

LOUISIANA INSURANCE RATING COMMISSION

Part II -- Property

Wednesday, February 15, 2006

1a - February 15, 2006 - 22887

AMERICAN RELIABLE INSURANCE COMPANY

4 - HOMEOWNERS

REVISED RATE AND RULE

SPECIAL, SPECIAL BY-LINE AND ALL PURPOSE MOBILE HOME PROGRAMS

(+34.36%)

COMPANY REFERENCE: A-MH-06 3623

REQUESTED EFFECTIVE DATES - NEW: 3/1/2006

RENEWAL: 4/1/2006

Listed below is the history of the actions taken in regard to these programs:

Item Key #15921	Flex Band - +7.5%	Meets Requirements	Eff. 3/1/04 N & 4/1/04 R
Item #8a - 11/02	+7.6%	Approved	Eff. 1/1/03 N & 2/1/03 R
Item #9a - 7/01	+6.8%	Approved	Eff. 9/1/01 N & 10/1/01 R

With this filing, the company is requesting an overall increase of +34.36% or +\$2,575,413 (18,522 policyholders).

Specific changes to each program are as follows:

Special Mobile By-Line Program

- Parish groupings have been expanded from two to four territories.
- The existing Catastrophe Fee is increased from \$10 to \$20.
- The previous credit based premium presentation has been replaced with calculated amounts grouped by Territory, Insured Age, Mobile Home Age, and Fire Protection.
- \$2,500 and \$5,000 Hurricane Deductibles are now available.
- Additional Personal Effects and Unattached Other Structure premiums are now split into protected and unprotected rates.
- Flood Premiums are increased from \$15.00 to \$2.50 per thousand subject to a \$25.00 minimum premium.

Special Mobile Homeowners Program:

- Parish groupings have been expanded from two to four territories.
- The existing Catastrophe Fee is increased from \$10 to \$20.
- The previous credit based premium presentation has been replaced with calculated amounts grouped by Territory, Insured Age, Mobile Home Age, and Fire Protection.
- \$2,500 and \$5,000 Hurricane Deductibles are now available.
- Additional Personal Effects and Unattached Other Structure premiums are now split into protected and

unprotected rates.

- Flood Premiums are increased from \$15.00 to \$2.50 per thousand subject to a \$25.00 minimum premium.

All Purpose Program:

- Parish groupings have been expanded from two to four territories.
- The existing Catastrophe Fee is increased from \$10 to \$20.
- \$2,500 and \$5,000 Hurricane Deductible rates are now available.
- Flood Premiums are increased from \$15.00 to \$2.50 per thousand subject to a \$25.00 minimum premium.

Tenant Program:

- The existing Catastrophe Fee is increased from \$10 to \$20.

The Louisiana and Countrywide experience is as follows:

LOUISIANA

(Accident Year as of 12/31/05)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	3,462,689	\$	2,099,659	60.6%
2002		5,362,795		8,731,970	162.8%
2003		6,837,447		3,039,792	44.5%
2004		7,236,316		3,611,672	49.9%
2005		7,390,185		39,900,299	539.9%
All Years	\$	30,289,431	\$	57,383,391	143.8%

COUNTRYWIDE

(Accident Year as of 12/31/05)

Year	Actual Earned Premium		Developed Loss		Loss Ratio
2001	\$	30,424,917	\$	16,899,188	56%
2002		41,704,685		32,044,044	77%
2003		51,219,660		28,425,090	55%
2004		54,145,823		56,531,010	104%
2005		57,097,729		78,690,616	138%
All Years	\$	234,592,814	\$	212,589,948	91%

Exhibit F and other exhibits have been forwarded to the Actuary.

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Dillon Place was the actuary representing the company. Mr. Ragas approved.

FINAL EFFECTIVE DATES - NEW: 3/1/2006 RENEWAL: 4/1/2006

2a - February 15, 2006 - 22730

FOREMOST INSURANCE COMPANY

9 - INLAND MARINE

REVISED RATE AND RULE

PERSONAL WATERCRAFT PROGRAM

CORRECTIONS TO THE RATE SECTION

COMPANY REFERENCE: S-47

REQUESTED EFFECTIVE DATES - NEW: 5/1/2006

RENEWAL: 5/1/2006

The initial rates and rules for this program were approved in February 2003 (item #3a) effective February 26, 2003 for new and renewal business.

With this filing, the company proposes the following:

Rate Section

Upon review of the rate pages, the company has discovered errors. The purpose of this filing is to correct those typographical errors and make editorial corrections.

Listed below are the details of the clarifications the company has made:

Page Number R-5 - Age of Personal Watercraft

The following correction has been made:

This premium modifier applies to [all base premiums, except Accessories]

Coverage A - Personal Watercraft Insurance.

[brackets = deleted] underlined = added

Page Numbers R-10 and R-11 - Paid Losses

The company is removing "inchmaree" and "Personal Injury" from the "Types of Paid Losses" listings. They are adding "Medical".

Page Number R-15 - Affinity Group

The following correction has been made:

This premium modifier applies to all base premium coverages [except Coverage F - Uninsured Watercraft].

[brackets = deleted]

Page Number R-16 - Alliance

The following correction has been made:

This premium modifier applies to all base premium coverages [except Coverage F - Uninsured Watercraft and Accessories].

[brackets = deleted]

Page Number R-17 - Channel of Distribution

The following correction has been made:

This premium modifier applies to all base premium[s] coverages [except Accessories].

[brackets = deleted] underlined = added

Replacement of Manual Pages

Rate pages are being revised to reflect corrections and new effective dates.

There is no rate impact associated with this filing.

FINAL ACTION: Approved,

ADDITIONAL MINUTES: Mr. Ragas approved.

FINAL EFFECTIVE DATES - NEW: 5/1/2006

RENEWAL: 5/1/2006

LOUISIANA INSURANCE RATING COMMISSION

Part III -- ISO Adoptions

Wednesday, February 15, 2006

1 - February 15, 2006 - 22685

SHELTER MUTUAL INSURANCE COMPANY

1 - PROPERTY

ADOPTION

DWELLING FIRE PROGRAM

ADOPTION OF PIAL FILING DESIGNATION NOS.: LA 05-13 (APPROVED IN AUGUST 2005 - ITEM #1A) AND
LA 05-14 (APPROVED IN JULY 2005 - ITEM #5A)

COMPANY REFERENCE: 17MG10106

REQUESTED EFFECTIVE DATES - NEW: 3/5/2006

RENEWAL: 3/5/2006

FINAL ACTION: Approved.

ADDITIONAL MINUTES: Mr. Ruiz approved.

FINAL EFFECTIVE DATES - NEW: 3/5/2006

RENEWAL: 3/5/2006

MR. BUSADA ADJOURNS.